

Tax exemption for motion-picture production items
(HB 981 by Earley/Harris)

DIGEST: HB 981 would have exempted from the sales and use tax items used by a motion picture company to produce a motion picture master. A Senate amendment expanded the exemption to include films, tapes, photographs, transparencies, and graphic art material used by radio or television stations and motion picture films leased by movie theaters and television stations.

GOVERNOR'S
REASON

FOR VETO: The intent of the bill as introduced was to provide incentives for motion picture production within the state of Texas. It was targeted at companies in this industry, exempting the taxable items used by them in the production of motion pictures. Through the course of the legislative process, the bill was modified to expand the sales tax exemptions to be much broader than necessary for the best interests of economic development.

RESPONSE: Rep. Robert Earley, the author of HB 981, had no comment.

NOTES: The House Research Organization analysis of HB 981 appeared in the May 1, 1989 Daily Floor Report.